

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 105

February 2, 2011

SUMMARY OF BILL: Changes the ASPIRE scholarship program into a work-study program consisting of two equally funded parts: one-half of the award will be a grant payable to a student who qualifies for the award based on average gross income; the other one-half will be earnable in the ASPIRE work-study program.

ESTIMATED FISCAL IMPACT:

Decrease State Expenditures – Net Impact -

\$7,066,700/Lottery for Education Account/FY11-12

**\$5,791,700/Lottery for Education Account/FY12-13
and Subsequent Years**

Assumptions:

- Currently, the ASPIRE award is a \$1,500 per year supplemental award for eligible students with adjusted gross incomes of \$36,000 per year or less.
- This bill would make \$750 of the \$1,500 award a grant and the remaining \$750 earnable through the proposed ASPIRE work-study program. Therefore, the maximum amount a participating student can earn in the work-study program is \$750 per academic year.
- The Tennessee Student Assistance Corporation (TSAC) estimates 19,000 first-year students would be eligible for the grant portion of the award in FY11-12 under current law.
- Based on the grant portion of the award being established at \$750 per eligible student, TSAC estimates that 50 percent (9,500) would participate in the work-study program.
- According to TSAC, one additional position would be required to administer the work-study program estimated to be \$58,300 per year (\$34,300 salary, \$13,300 benefits, and \$10,700 for travel, printing, communications, rent, and supplies). TSAC indicates this position would be funded from the Lottery for Education Account.
- Under current law, expenditures from the Lottery for Education Account (LFEA) for ASPIRE recipients in FY11-12 are estimated to be \$28,500,000 (19,000 x \$1,500).
- Under this bill, expenditures from the LFEA for ASPIRE work-study program recipients in FY11-12 are estimated to be \$21,433,300 [(19,000 x \$750) + (9,500 x \$750) + \$58,300].
- The decrease of expenditures from the LFEA for FY11-12 is estimated to be \$7,066,700 (\$28,500,000 - \$21,433,300).

- TSAC projects 19,500 second-year students would be eligible for the grant portion of the award in FY12-13; an estimated 60 percent (11,700) are estimated to participate in the work-study program.
- Under current law, expenditures from the LFEA for ASPIRE recipients in FY12-13 and subsequent years are estimated to be \$29,250,000 (19,500 x \$1,500).
- Under this bill, expenditures from the LFEA for ASPIRE work-study program recipients in FY12-13 and subsequent years are estimated to be \$23,458,300 [(19,500 x \$750) + (11,700 x \$750) + \$58,300].
- The decrease of expenditures from the LFEA for FY12-13 and subsequent years is estimated to be \$5,791,700 (\$29,250,000 - \$23,458,300).
- The Department of Education (DOE) would publish a list of organizations operating after-school programs that will participate in the ASPIRE work-study program. Any increase to state expenditures for publishing the list is estimated to be not significant.
- Any increase to state expenditures for DOE to promulgate rules and regulations is estimated to be not significant.
- Based on information provided by DOE for similar legislation, any additional costs to local education agencies would be considered not significant.
- Costs for the Tennessee Bureau of Investigation to conduct criminal background checks are estimated to be not significant because such additional costs are to be paid by applicants.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc